



# TENNESSEE REGULATORY AUTHORITY



2014-2015  
ANNUAL REPORT



# Table of Contents

Message from the Executive Director ..... ii

Authority Overview

- Introduction to Tennessee Regulatory Authority ..... 1
- Authority Organizational Chart ..... 7
- Utilities under the Authority’s Jurisdiction ..... 8

Office of the Executive Director

- Budget Summary ..... 9
- Revenue ..... 10
- Docket Room and Authority Activity ..... 11

Communications and External Affairs Division ..... 12

Compliance Division ..... 12

Consumer Services Division ..... 12

Economic Analysis Division ..... 13

Gas Pipeline Safety Division ..... 13

Information Technology Division ..... 14

Utilities Division ..... 14

Legal Division ..... 15

Appendix A ..... 16

# TENNESSEE REGULATORY AUTHORITY



502 Deaderick Street, 4th Floor  
Nashville, Tennessee 37242-0001

February 1, 2016

The Honorable Bill Haslam  
Governor, State of Tennessee

The Honorable Ron Ramsey  
Lieutenant Governor

The Honorable Beth Harwell  
Speaker of the House of Representatives

Members of the General Assembly

It is with great pleasure that I present to you the 2014-2015 Annual Report of the Tennessee Regulatory Authority. This report has been prepared in accordance with Tennessee Code Annotated § 65-1-111.

The TRA was established in 1996 and charged with the responsibility of promoting the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

Recent statutory changes have resulted in a more streamlined, efficient, effective and customer focused agency. Public Chapter 1070 restructured the TRA to better reflect today's regulatory environment. Meanwhile, additional changes were implemented in succeeding years with the passage of Public Chapter 245. These changes realigned our regulatory fee structure as well as authorized the implementation of alternative regulatory methods for utilities. As a result, the TRA has reduced its size and its budget significantly while continuing to provide quality services for the utilities we regulate and the consumers we serve. Notwithstanding, the TRA continues to be self-funded in that it does not receive any state appropriations from the general fund.

The Authority continues to have jurisdiction over Tennessee's investor-owned utility companies including electric, telephone, water and wastewater, natural and methane gas. Further, the TRA serves as the agency that performs the safety inspections of natural gas pipelines that travel across the state and mediates consumer complaints against utility service providers.

Through our numerous consumer outreach efforts, the TRA continues to provide Tennessee citizens with information that can enhance their daily lives and provide protection and relief from unwanted telephone solicitations and fraudulent activities. Among the Authority's more popular programs are the Tennessee Do Not Call program and the Telecommunications Device Access Program (TDAP). In addition, through our various public and private partnerships across the state, the TRA continues to promote awareness of the Lifeline telephone assistance program to promote universal access to telephone service. We remain focused on the work that we have been entrusted to perform, as well as the role we play in protecting Tennessee consumers and maintaining an environment that is vigorously competitive. To the members of the Tennessee General Assembly, we look forward to working with you and in continued service to the citizens of the Volunteer State.

Warmest Regards,

Earl Taylor,  
Executive Director

Telephone 615.741.2904, Toll-Free 1.800.342.8359, Facsimile 615.741.5015  
[www.tn.gov/tra](http://www.tn.gov/tra)  
[www.facebook.com/tntra](http://www.facebook.com/tntra)



---

## Authority Overview

---

### Introduction

The Tennessee Regulatory Authority (the Authority), the governing body to regulate utilities in Tennessee, was created in 1996. The Authority's mission is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

In 2012, legislation was enacted to restructure the Authority by establishing an executive director (Earl R. Taylor) appointed by Governor Bill Haslam, Lieutenant Governor Ron Ramsey, and House Speaker Beth Harwell as well as a five (5) director part-time board to replace the existing four (4) full-time directors' board. In accordance with Tennessee Code Annotated § 65-1-101(a), the five (5) directors shall be appointed as follows: one (1) director shall be appointed by the governor (Herbert H. Hilliard), one (1) director shall be appointed by the speaker of the senate (Dr. Kenneth C. Hill), one (1) director shall be appointed by the speaker of the house (Robin L. Morrison), and two (2) directors shall be appointed by joint agreement among the governor, the speaker of the senate and the speaker of the house of representatives (David F. Jones, vacant).



## Authority Leadership



**Earl R. Taylor,  
Executive Director**

Earl R. Taylor was appointed to the Tennessee Regulatory Authority as Executive Director in 2012 by Governor Bill Haslam, House Speaker Beth Harwell, and Lt. Governor Ron Ramsey. He was reappointed to another term in 2015.

Taylor received a Bachelor of Science degree from the University of Tennessee at Knoxville and a Juris Doctor (JD) from the University of Memphis School of Law. He began his career as an attorney in his home town of Johnson City, Tennessee.

Later professional endeavors included the development of WKXT-TV, the CBS Television affiliate in Knoxville, Tennessee, and the subsequent launch of the Warner Brothers affiliate in the same market. Most recently, Mr. Taylor has been a franchisee of Panera Bread, developing bakery-cafes in Florida, Texas, and Louisiana.

Actively engaged in his community, Mr. Taylor has served as a mentor in the Knoxville Fellows program, as a commissioner for the Metropolitan Knoxville Airport Authority, and on the Knoxville Young Life Committee.

As Executive Director of the Tennessee Regulatory Authority, Mr. Taylor will function as the Authority's Chief Operating Officer (COO), responsible for the agency's administrative duties and responsibilities.

Mr. Taylor is married to Sheryl Dawson Taylor. They have four children and 9 grandchildren.



**Herbert H. Hilliard,  
Chairman**

Chairman Hilliard was appointed to the Tennessee Regulatory Authority in 2012 by Governor Bill Haslam.

Chairman Hilliard served as Executive Vice President and Chief Government Relations

Officer for First Horizon National Corporation. In this role, he was responsible for the corporation's lobbying activities at the federal and state levels. Chairman Hilliard is a 43-year veteran of the company, having joined First Horizon in 1969 after earning a BBA in Personnel Administration and Industrial Relations from the University of Memphis. Prior to his current role, Hilliard was Executive Vice President and Chief Risk Officer. Chairman Hilliard retired from First Horizon National Corporation on September 26, 2012.

Chairman Hilliard is active in the community, currently serving as Chairman of the Board of Directors of The National Civil Rights Museum, Board Member of Blue Cross Blue Shield of Tennessee.

He was Chairman of the Memphis Housing Authority Board from 1992-1993, 1987 Chairman of the United Way general fund drive, and the 1988 Chairman of the Annual NAACP Freedom Fund Dinner. He is past member of the Memphis Park Commission, the University of Memphis National Alumni Board, the University of Memphis Foundation Board and the Boards of Directors for the Chickasaw Council of the Boy Scouts of America and the Memphis Convention and Visitors Bureau. From 2000 to 2005, he was Chairman of the Board of Blue Cross Blue Shield of Tennessee.

Chairman Hilliard has completed additional studies at the Southwestern Graduate School of Banking at Southern Methodist University, the Tennessee Executive Development Program at the University of Tennessee – Knoxville, Cornell University's Executive Development Program and Crosby Quality College.



---

## Authority Leadership (cont.)

---



### David F. Jones

Director Jones was appointed to the TRA by Governor Bill Haslam, Lt. Governor Ron Ramsey and House Speaker Beth Harwell.

Director Jones is President of Complete Holdings Group, a workers' compensation revenue

solutions company to more than 450 hospitals across 36 states. He is a certified facilitator/executive coach with the Alternative Board, a peer-to-peer advisory group for CEOs and owners of private businesses. He is also President of the David Jones Group, a management consulting firm that focuses on helping small businesses overcome the four barriers to growth. Director Jones spent 29 years in the natural gas pipeline industry. The first half of his career was spent in Human Resources with a Fortune 500 energy company where worked in a variety of areas, including Field Operations.

Director Jones obtained a B.S. in Business from the University of Tennessee and an MBA from the University of Houston. He is author of the book *Surviving and Thriving After Losing Your Job*.



### Robin L. Morrison

Robin L. Morrison was appointed to the TRA by House Speaker Beth Harwell in 2013. Director Morrison currently serves as a Vice President and financial center manager for one of the South's largest banks, First Tennessee, and brings to the TRA broad experience in

customer relations, business management, and federal and regulatory compliance. She was reappointed to full term in 2015.

A graduate of the University of Tennessee-Chattanooga with a Bachelor's degree in Business Administration-Finance, Director Morrison possesses a comprehensive background in banking and finance and has obtained her Series 6/63 financial licenses to sell securities as well as being licensed to sell life and health insurance.

In addition, Director Morrison is a graduate of the Southeastern School of Banking and a graduate of Leadership Chattanooga. She is active in leadership roles in her community having served on the boards of the South Broad Redevelopment Group, Junior League of Chattanooga, and the Chattanooga Chamber of Commerce's Southside Council. She is also a member of the Chattanooga Leadership Woman's Institute and a member of the National Association of Regulatory Utility Commissioners (NARUC) Committee on Telecommunications.



## Authority Leadership (cont.)



### Dr. Kenneth C. Hill

Dr. Kenneth C. Hill, a native of Morrison City (North Kingsport), Tennessee, was appointed to the Tennessee Regulatory Authority by Lieutenant Governor Ron Ramsey in 2009.

Since his appointment, Dr. Hill has served as Chairman of the Tennessee Regulatory Authority and is presently active with the National Association of Regulatory Utility Commissioners (NARUC) and the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is a member of the NARUC Committee on Water, the NARUC Committee on International Relations, and the NARUC Sub-Committee on Clean Coal and Carbon Sequestration.

At present, he is also a member of the International Confederation of Energy Regulators (ICER), a member of the ICER Working Group for Small Energy Consumers, and is serving as a Mentor in the ICER Women In Energy pilot Mentoring Program.

Dr. Hill has been a presenter at the NARUC and SEARUC Annual Meetings. He also has been a presenter and participant at the National Association of Water Companies (NAWC) Water Summit, the NAWC Commissioners' Forum, and the Emerging Issues Policy Forum (EIPF) (Energy) multiple times. He also has been a panelist at the NAWC Southeastern Chapter Conference as well as at United States' Department of Energy Industrial Energy Efficiency Conference in Little Rock.

During his tenure with the TRA, he has also served as a member of the Tennessee State Information Systems Council, member of the Board of the Organization of PJM States, Inc. (OPSI), member of the Eastern Interconnection States Planning Council (EISPC), delegate to the 5th World Forum on Energy Regulation (WFERV), and a Tennessee Team Member of the National Governors' Association Policy Academy on Enhancing Industry through Energy Efficiency and Combined Heat and Power.

Dr. Hill has been active in communications and broadcasting all of his adult life, having been involved for over four decades in virtually every aspect of radio. For the past thirty-three years, Dr. Hill has been President and CEO of non-profit Appalachian Educational Communication Corporation (AECC) in Bristol, Tennessee. AECC is the licensee of WHCB 91.5 FM. Dr. Hill has

also provided consulting services for over three decades in the areas of technical writing and editing, public relations, proposal writing and editing, independent R&D documentation, government relations, corporate and business communication, media acquisition, media appraisal and media utilization.

He earned his Bachelor of Science degree in Speech (Broadcasting) and History from East Tennessee State University; a Master of Science Degree in Speech (Broadcasting) from Indiana State University; a Bachelor of Arts degree in Biblical Studies from Baptist Christian College; a Master of Religious Education from Manahath School of Theology; and a Doctor of Religious Education from Andersonville Baptist Seminary.

Dr. Hill and his wife, Janet, reside in Blountville, Tennessee. They have one daughter, Lydia, who serves as a nurse, and two sons: Matthew, who serves as 7th District Tennessee State Representative, and Timothy, who serves as 3rd District Tennessee State Representative.



## The Office of the Executive Director

---

### Mission

*The Executive Director serves as the TRA's chief operating officer with the power and duty to conduct the ordinary and necessary business in the name of the Tennessee Regulatory Authority.*

The Executive Director has the principal responsibility of implementing the broad strategies, goals, objectives, long-range plans and policies of the authority. Among the executive director's duties, which are not limited to, the following list, are:

- ◆ Serve as chief operating officer of the authority responsible for the day to day management of the authority and the supervision and hiring of all staff members within the limits of available funds authorized from time to time by the legislature
- ◆ Administer, monitor and review the operating procedures of each division of the authority, ensuring that each employee and division of the authority fully executes in an efficient and economical manner, the separate duties assigned to each
- ◆ Submit rules and policies for approval by the authority
- ◆ Implement and administer rules and policies for the efficient and economical internal management of the authority
- ◆ Coordinate the preparation of the report to the General Assembly as required by Tennessee Code Annotated Section 65-1-111
- ◆ Supervise the expenditure of funds and compliance with all applicable provisions of state and federal law in the receipt and disbursement of funds





## Our Mission

*To promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.*

The Authority’s mission is fulfilled through two major operational components: consumer assistance and regulatory oversight of utility operations and market conditions.

### Consumer Assistance Component

In alignment with its consumer assistance component, the Authority offers an efficient forum for the filing, investigation, and hearing of consumer complaints against regulated utilities. The Authority also engages in consumer outreach activities in an effort to educate consumers on its services and the regulated utilities. The Authority manages consumer-friendly programs developed by the General Assembly, such as the Do Not Call Program, the Do Not Fax Program, the Telecommunications Device Access Program (TDAP), and the LifeLine telephone assistance program.

### Regulatory Oversight Component

The Authority operates as Tennessee’s regulatory oversight engine for privately-owned utilities serving Tennessee consumers. The Authority provides an accessible and efficient process that is fair and unbiased. Through this process, the Authority evaluates many items, including requests for rate modifications, applications for authority to provide service, requests for approval of financing transactions, requests for

approval of mergers, petitions for transfer of authority to provide service, numbering appeals, requests for numbering allocations, requests for rule modifications, petitions for approval of interconnection agreements and utility-to-utility complaints. The Authority also monitors utility markets to evaluate current trends and determine the need for future action. The Authority is also designated to ensure the safety of natural gas distribution and transmission pipeline facilities in the state.

The Authority has jurisdiction over public utilities including:

- ◆ Electric companies
- ◆ Telephone companies
- ◆ Water and wastewater companies
- ◆ Natural gas companies

The Authority is financially independent of Tennessee’s general fund. The Authority’s operational expenses are covered wholly by the industries it regulates, with a small portion coming from the federal government.

Authority staff includes accountants, administrators, attorneys, consumer specialists, economists, engineers, information technology specialists, a consumer outreach manager, and administrative support.

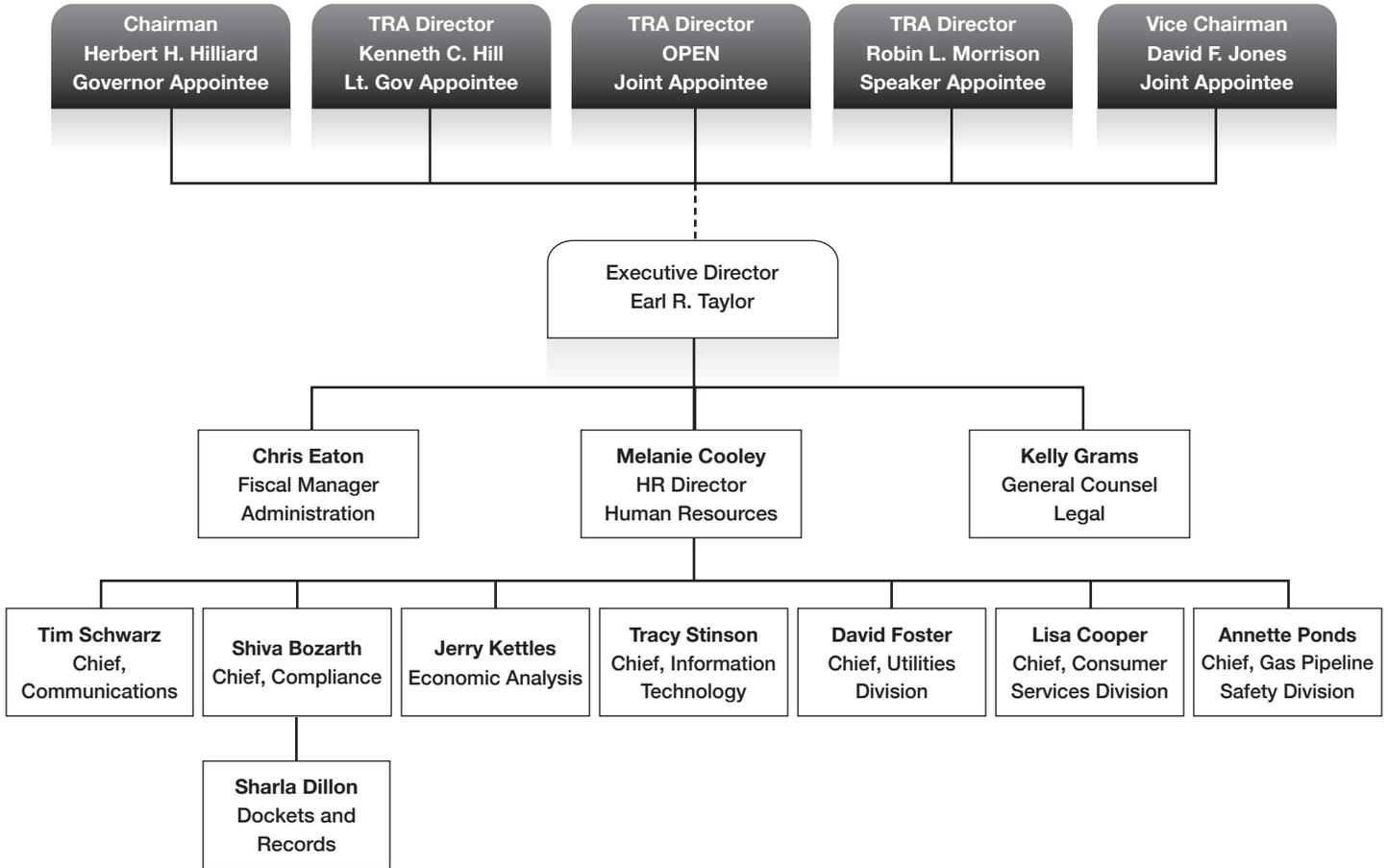
### As of July 1, 2015, the TRA was budgeted for 66 Positions

As of 7/1/15

TRA Division	Total Positions	Filled	Vacancies
Directors	5	5	0
Executive Director	1	1	0
Administrative Staff	7	5	2
Communications and External Affairs	3	3	0
Consumer Services	18	13	5
Compliance Division	4	4	0
Gas Pipeline Safety	8	8	0
Information Technology	3	2	1
Legal	5	5	0
Utilities	12	10	2
<b>Total Positions</b>	<b>66</b>	<b>56</b>	<b>10</b>



## Tennessee Regulatory Authority Organization Chart





## Utilities Under the Authority's Jurisdiction

---

The following are the approximate number of utilities under the jurisdiction of the Tennessee Regulatory Authority as of June 30, 2015 .

### Energy and Water

Electric	4
Natural Gas Companies	7
Water & Waste Water	20
Methane Gas Provider	2
Intrastate Pipeline	18

### Telecommunications

Competing Telephone Service Providers	125
Customer Owned-Coin Operated Telephone Providers	67
Incumbent Telephone Companies	26
Resellers and Operators Service Providers, Long Distance Facility Providers	210

### Gas Pipeline Safety

Intrastate Pipeline	18
Liquefied Natural Gas (LNG) Operators	2
Master Meters	28
Municipalities	70
Utility Districts	25
Private Utilities	5

---

<b>Total Public Utilities</b>	<b>627</b>
-------------------------------	------------



## Budget Summary

### Appropriations, Fees, and Expenditures

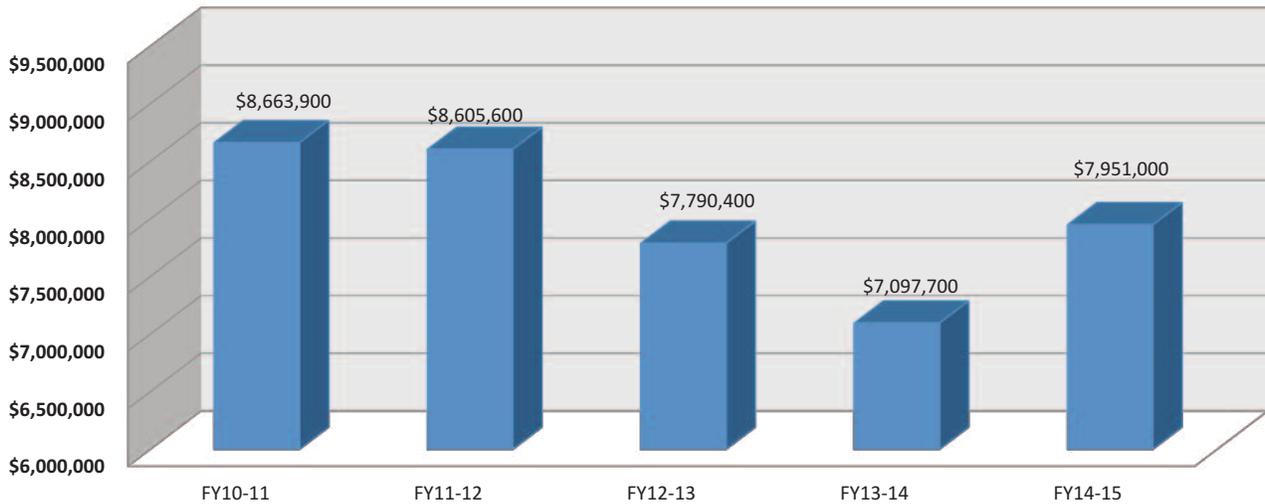
The Tennessee Regulatory Authority began fiscal year 2014-15 (FY14-15) with a budget of \$7,951,000. Actual expenditures by the agency during the fiscal year totaled \$6,388,700. This represented a total savings of \$1,562,300 (19.6%) from budgeted expenditures.

Total revenues collected by the TRA during FY14-15 were \$7,404,100. The majority of the revenue was derived from utility inspection fees paid by the public utilities regulated by the TRA. Total inspection fee revenue collections during FY14-15 were \$5,529,600. In addition to inspection fee revenue, the TRA received \$826,200 in interdepartmental revenue related to the TDAP/Relay program, \$614,200 in federal revenue, \$263,600 in registration fees from telemarketers for the “Do Not Call” program, \$12,900 in fines and penalties, \$110,750 in annual fees from certain cable companies, \$5,500 in current services revenue, \$5,600 in filing fees and \$35,700 in lifeline verification fees.

All TRA revenues, except for revenue received from contributions for TDAP, are earmarked for the Public Utilities Account and are to be used to defray the cost of operations by the TRA. Should revenues in future fiscal years not be sufficient to cover the costs of the TRA for a given fiscal year, the deficit would be funded by the Public Utilities Reserve Account. As of June 30, 2015, the Public Utilities Reserve Account balance was \$4,398,000. The TDAP Program revenue is specifically earmarked for the purchase of TDAP equipment for the qualifying disabled citizens of Tennessee and the administration of the program. The TDAP Reserve Account had a balance of \$679,700 as of June 30, 2015.

The TRA also funds the majority of the administrative costs of the Office of State Assessed Properties which is part of the office of the Tennessee Comptroller of the Treasury. For FY14-15, the TRA’s total inspection fee revenue of \$5,529,600 was reduced by \$461,700 for its share of the subsidization of the cost of the Office of State Assessed Properties.

TRA Budget Comparison



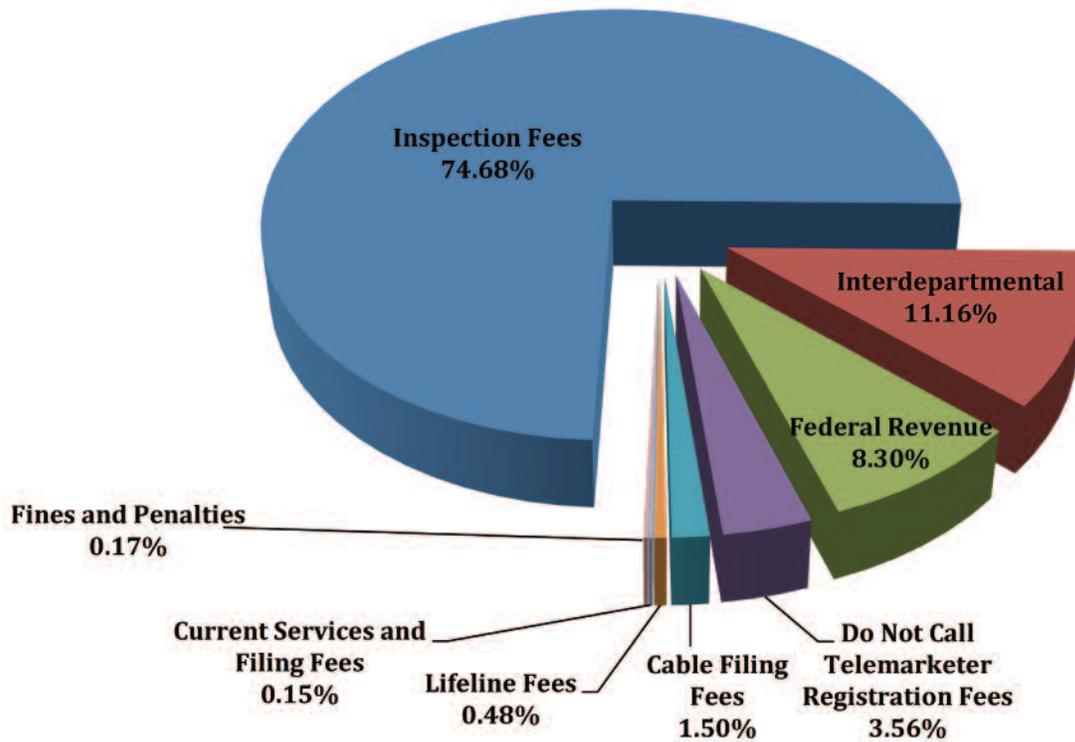


**Budget Summary (cont.)**

<b>FY 14-15 Revenues</b>		
Inspection Fees	\$5,529,600	74.68%
Interdepartmental	\$826,200	11.16%
Federal Revenue	\$614,200	8.30%
Do Not Call Telemarketer Registration Fees	\$263,600	3.56%
Cable Filing Fees	\$110,750	1.50%
Lifeline Fees	\$35,700	0.48%
Current Services and Filing Fees	\$11,100	0.15%
Fines and Penalties	\$12,900	0.17%
<b>TOTAL REVENUES FOR FY14-15</b>	<b>\$7,404,050</b>	<b>100.00%</b>

The FY14-15 actual inspection fee revenue received by the TRA was \$5,529,600. However, this amount was reduced by \$461,700 by the Comptroller's Office for the amount charged to TRA for its share of the cost of the Office of State Assessed Properties.

**TRA FY 14-15 Revenues**





## Docket Room and Authority Activity

### Docket Activity

Type of Docket	Fiscal 2014-15	
	(7/1/14 - 6/30/15)	
<b>Total</b>	<b>188</b>	
Arbitrations	0	
Interconnection/Resale Agreements	65	
Purchase Gas Adjustment, Audits, Certificate of Convenience of Necessity Amendments	13	
Consumer Services Division Staff Investigations	0	
Certificate of Convenience of Necessity	6	
Pay Phones	5	(8 reopened)
Name Changes	4	
Resellers	2	(10 reopened)
Number Pooling Requests	3	
Rulemaking	1	
Telecom Dockets - Eligible Telecommunications Carriers	1	
Notice - Market Regulation	16	
Cable Franchise	1	(2 amendments)
Transfers, Mergers, Financing	11	
Misc. (not otherwise listed above)	40	
Total: New	168	
Reopened	18 plus 2 cable amendments	



## Communications & External Affairs Division

**Tim Schwarz, Chief**

### Mission

*The mission of the Communications and External Affairs Division is to advance and support the Tennessee Regulatory Authority's larger role of promoting the public interest through consumer outreach & education, external & internal communications, legislative and policy initiatives and Title VI compliance.*

### Duties include:

- ◆ Media Relations
- ◆ Writing press releases
- ◆ Social Media Management
- ◆ Website Content Management
- ◆ Oversees publication of the agency's special reports
- ◆ Ensures compliance of agency's forms and documents
- ◆ Intra-agency collaboration
- ◆ Special events photographer
- ◆ Title VI Compliance
- ◆ Legislative and Policy Action
- ◆ Public Relations
- ◆ Consumer Outreach

---

## Compliance Division

**Shiva Bozarth, Chief**

### Mission

*The mission of the Compliance Division is to support the Authority in enforcement of its rules and regulations.*

### Duties include:

The Compliance Division (CD) was formed in 2013 to place greater focus on compliance and enforcement activities at the TRA. From its inception, the division has been active in show cause proceedings before the authority. The Division coordinates with other divisions within the Authority to prepare enforcement proceedings for adjudication by the TRA Directors. When necessary, the Division initiates its own investigation and may recommend that a show cause proceeding be initiated. The Division also has an active role in rule making actions initiated by the agency.

## Consumer Services Division

**Lisa Cooper, Chief**

**Stacy Balthrop, Deputy Chief**

### Mission

*To ensure consumers receive an adequate level of service from regulated companies and to educate consumers regarding changes and new programs in the regulated utility sector. This mission is accomplished through monitoring services utilities provide using quality of service reports and tests, initiating investigations, and mediating consumer-utility disputes resulting from consumer complaints.*

### Duties include:

The Consumer Services Division ("CSD") is responsible for monitoring the quality of services provided by regulated utilities and enforcing the rules and regulations of the Authority. One aspect of this responsibility is to investigate and mediate consumer complaints filed against regulated utilities pursuant to T.C.A. §§ 65-4-119, 65-4-401 et seq., and 65-4-501 et seq.

The CSD also performs other functions such as: administering the Do Not Call telemarketing initiative through the registration of telemarketing companies and maintaining the Do Not Call Register; administering the Do Not Fax Program which is designed to prevent unsolicited faxes; and certifying the Lifeline Telephone Assistance Program candidates based on income and qualified public assistance.

The CSD administers the Telecommunication Devices Access Program ("TDAP"), which is designed to improve access to the telephone network by distributing equipment to assist individuals with disabilities. Additionally, the CSD monitors the operation of the Tennessee Relay Center for individuals with a hearing loss or speech disability.

The CSD provides recommendations in enforcement actions involving utilities not in compliance with state law or the rules and regulations of the Authority.

### Major Activities

- ◆ Received 570 consumer complaints filed against utility companies
- ◆ Distributed 844 TDAP devices to 828 Tennessee residents qualifying for assistive communications devices
- ◆ Administered the Lifeline Telecommunications Assistance Program. Fiscal year 2015 there were 286,968 Tennesseans receiving the Lifeline credit on their monthly

*continued on next page*



## Consumer Services... *continued from previous page*

telecommunication charges.

- ♦ The Tennessee Relay Service call center processed approximately 82,695 calls during the fiscal year 2015. Administratively reviewed the reported operational practices of the Tennessee Relay Center to ensure that it is complying with the Authority's rules and regulations.

The CapTel Service is designed to assist individuals who are late deafened or hard of hearing to make and receive telecommunications calls with a captioning feature offered by this service. The CapTel Service processed approximately 176,961 calls during the fiscal year 2015.

- ♦ Administratively reviewed the reported operational practices of the Tennessee CapTel Service to ensure that it is complying with the Authority's rules and regulations.

At the end of fiscal period 4,971,409 Tennesseans registered with the "Do Not Call" program and 227 active telemarketers had registered as solicitors. The TRA received 1,221 "Do Not Call" telemarketing complaints by consumers against telemarketing companies during the fiscal year 2015 the TRA also received 105 fax complaints from consumers involving unsolicited facsimiles during the fiscal year 2015.

## Economic Analysis

**Jerry Kettles, Chief**

### Mission

*The primary role of the Economic Analysis Division is to formulate recommendations on economic and policy matters pending before the Authority. The Division identifies and analyzes market trends that may impact regulation or consumers in electric, telecommunications, water, wastewater and natural gas markets. The EAD also monitors and evaluates the impact of TRA decisions on market outcomes in the various regulated industries. The Division also has responsibility for analysis of mergers, acquisitions and the issuance of financial instruments by public utilities.*

The Division provides analytic support to other groups within the TRA on a diverse range of topics including financial derivatives used in the natural gas industry, implementation of orders issued by the Federal Communications Commission and interpretation of statistical analysis. The Division also has an active role in rule making actions initiated by the agency.

## Gas Pipeline Division

**Annette Ponds, P.E., Chief**

### Mission

The mission of the Tennessee Regulatory Authority (TRA) Gas Pipeline Safety Division (GPSD) is to contribute to the safety and reliability of natural gas distribution and transmission pipeline facilities and to minimize the risk to public health and safety associated with the accidental release of natural gas.

### Compliance Program

Chapter 601, Title 49 of the United States Code provides the statutory basis for the pipeline safety program. Chapter 601 establishes a framework for promoting pipeline safety through Federal delegation to the States for all or part of the responsibility for intrastate pipeline facilities under annual certification or agreement. Chapter 601 authorizes Federal grants-in-aid of up to 80 percent of a State agency's personnel, equipment, and activity costs for its pipeline safety program.

The State of Tennessee enters into a certification agreement each year with the Secretary of the Department of Transportation and accepts the responsibility for regulation of intrastate natural gas pipeline facilities. The program is administered by the DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) and the TRA is the regulating state agency. The GPSD enforces safety regulations in accordance with the Tennessee Code Annotated ("Tenn. Code Ann.") § 65-2-102, the Tennessee Comprehensive Rules and Regulations ("Tenn. Comp. R. & Regs.") 1220-4-5 and Title 49 of the Code of Federal Regulations ("CFR") Chapter 1, Subchapter D, Parts 191, 192, 193, 195 and 199, as incorporated in the Tennessee rules by reference.

Natural gas is transported statewide through approximately 40,000 miles of distribution and transmission lines that provide service to over 1,342,000 customers. Distribution operators range in size from eight to 307,000 customers and include five (5) private companies, 70 municipalities, 24 utility districts, two (2) liquefied natural gas plants and storage facilities, ten (10) apartment complexes, and 18 housing authorities. There are 18 jurisdictional intrastate transmission lines.

All natural gas operators are required by code to maintain records, compile reports, update operation and maintenance plans, and promptly repair hazardous leaks. The GPSD inspected a total of 162 natural gas operational units with each receiving a minimum of one onsite inspection. The GPSD added one inspector position to the staff bringing the total to six (6) inspectors who logged a total of 649 inspection days this past year.



## Information Technology Division

**Tracy Stinson, Chief**

### Mission

*The mission of the Information Technology Division (IT) is to provide, support, and protect hardware and software computer systems used by the staff of the Tennessee Regulatory Authority. The Division strives to meet the professional needs of its own staff members through training, team building, challenging work, recognition and personal and professional growth.*

The division consists of an IT Chief and an Executive Assistant.

### Duties of the Information Technology Division:

- ◆ Develop the Information Systems three year plan
- ◆ Develop and maintain the Authority LAN
- ◆ Procure and maintain Authority desktop computer systems
- ◆ Develop new software systems
- ◆ Monitor software license needs
- ◆ Enforce state network acceptable usage policy
- ◆ Provide information resource training to Authority staff and IT staff
- ◆ Develop and administer Authority databases
- ◆ Oversee computer hardware inventory management
- ◆ Provide technical support and training to Authority staff
- ◆ Provide technical advice to Authority leadership

## Utilities Division

**David Foster, Chief**

### Mission

*To provide the Directors of the TRA with detailed technical and financial analyses to aid the Directors in making informed decision on issues related to the establishment of just and reasonable rates for public utilities, audits results, new certificates of service and telecommunications issues related to the continued development of competitive markets.*

The division is comprised of eight full-time and two-part-time employees with diversified experience and background. The Staff's credentials and background consist mainly of Certified Public Accountants along with an engineer. The Staff has over 150 years of combined experience in the utility industry.

The division is responsible for analyzing all utility petitions relating to rate changes for investor owned electric, gas, telecommunications, water and wastewater service utilities operating within the state. Of note, the Authority regulates rates for approximately 375,000 residential, commercial and industrial customers receiving natural gas service in Tennessee (primarily Chattanooga and the metro Nashville area), 47,000 electric customers in the Kingsport, and 76,000 water customers in Chattanooga, while maintaining regulatory oversight over approximately 150 individual water and wastewater systems.

The financial analysis focuses on establishing a reasonable return the utility can earn on its investment as well establishing a reasonable amount of prudent expenses to be recovered. The division also develops and recommends rate designs for customer classes, e.g., residential, commercial and industrial. Each utility segment also has unique characteristics and distinctive federal and state mandates for review.

The division works closely together with smaller utilities, especially water and wastewater, in order ensure their viability, both financially and from a quality of service standpoint. The larger utilities (e.g., Piedmont Natural Gas, Atmos Energy, Chattanooga Gas, Tennessee American Water and Kingsport Power) are continually monitored from a financial/rate standpoint. The division also conducts a series of annual audits for utilities regarding their financial status and for compliance with TRA rules and applicable state and federal laws, orders and tariffs.



## Legal Division

### Kelly Grams, General Counsel

#### Mission

*To provide the Authority with sound and timely legal advice, effective counsel in the deliberative process, and zealous representation before state and federal agencies and reviewing courts.*

It is the responsibility of the Legal Division to provide in-house counsel to the Directors of the Authority. Attorneys from the Division also represent the Authority and the Directors in their official capacities before the Chancery Courts, Tennessee Court of Appeals, Tennessee Supreme Court and in the Federal Courts. The Legal Division represents the Authority before the Federal Communications Commission and the Federal Energy Regulatory Commission. Attorneys in the Division often serve as Hearing Officers in contested cases before the Authority. The attorneys provide legal advice and analysis to other divisions within the Authority and may represent staff designated as parties in Authority proceedings. The Legal Division reviews bonds and letters of credit submitted by regulated companies. The attorneys also draft rules to be promulgated by the Authority. Members of the Legal Division prepare orders reflecting actions of the Directors in specific cases.

During the past fiscal year, 188 dockets were opened or required action by the Authority. Attorneys in the Legal Division provided continuing research, advisory memoranda and counsel to the Directors and staff in most of these dockets. The Legal Division also prepared 223 orders reflecting action by the Authority in active dockets including tariff matters, contested cases, mergers, debt issuances, transfers of authority, approvals and revocations of certificates of public convenience and necessity, franchise approvals and show cause actions. The Legal Division also drafted 71 notices of approval of interconnection agreements.

---



## Appendix A

### TRA proceedings for the 2014-2015 fiscal year included:

- ◆ Petition for Arbitration of Cellco Partnership d/b/a Verizon Wireless (Docket No. 03-00585)
- ◆ Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives (Docket No. 07-00224)
- ◆ Petition of Laurel Hills Condominiums Property Owners Association for a Certificate of Public Convenience and Necessity (Docket No. 12-00030)
- ◆ Petition of Kingsport Power Company d/b/a AEP Appalachian Power to Implement a Storm Damage Rider Tariff for Recovery of Storm Costs (Docket No. 12-00051)
- ◆ Show Cause Proceeding against Laurel Hills Condominiums Property Owners Association for Alleged Violations of Tenn. Code Ann. §§ 65-4-201, 65-4-301(A), 65-5-102, 65-4-101 and/or 65-4-103, and 65-4-115 (Docket No. 12-00077)
- ◆ Petition of Piedmont Natural Gas Company, Inc. to Adjust the June 30, 2012 Actual Cost Adjustment Ending Balance for Prior Period Adjustments (Docket No. 13-00119)
- ◆ Actual Cost Adjustment filing for Atmos Energy Corporation's Tennessee and Union City, Tennessee 2012-2013 (Docket No. 13-00124)
- ◆ Application of B&W Pipeline, LLC for a Certificate of Convenience and Necessity to Operate a Natural Gas Pipeline System in Pickett, Morgan and Fentress Counties (Docket No. 13-00151)
- ◆ Petition of Tennessee Wastewater Systems, Inc. to Amend Certificate of Convenience and Necessity to Service a Portion of Williamson County in Tennessee, Currently Known as the Scales Project (Docket No. 14-00006)
- ◆ Show Cause Proceeding against King's Chapel Capacity, LLC for Alleged Violations of Wastewater Utility Laws and TRA Rules (Docket No. 14-00007)
- ◆ Petition of Piedmont Natural Gas Company, Inc. for Authorization to Amortize and Refund to Customers Excess Accumulated Deferred Income Taxes (Docket No. 14-00017)
- ◆ Actual Cost Adjustment Filing for the Navitas TN NG, LLC Jellico and Byrdstown Systems (Docket No. 14-00021)
- ◆ Application of Wide Voice, LLC for a Certificate to Provide Competing Local Exchange and Long Distance Telecommunications Services on a Facilities and Resold Basis (Docket No. 14-00024)
- ◆ Alleged Violations of Tennessee Code Annotated 65-4-401 et seq., Do-Not-Call Law and Rules of the Tennessee Regulatory Authority Chapter 1220-4-11 by Air Duct Cleaning Services (Docket No. 14-00031)
- ◆ Cartwright Creek, LLC, Request to Utilize Alternative Financial Security Pursuant to Tenn. Comp. R. & Regs. 1220-4-13-.07(5) (Docket No. 14-00034)
- ◆ Petition of Plains and Eastern Clean Line LLC for a Certificate of Convenience and Necessity Approving a Plan to Construct a Transmission Line and to Operate as an Electric Transmission Public Utility (Docket No. 14-00036)
- ◆ Show Cause Proceeding against Tennessee Wastewater Systems, Inc. for Material Non-Compliance and/or Violation of State Law and Tenn. R. & Regs. 1220-4-13, et seq., (Docket No. 14-00041)
- ◆ Application of Campus Communications Group, Inc., for a Certificate to Provide Competing Local Telecommunications Services in the State of Tennessee (Docket No. 14-00053)
- ◆ Audit of Atmos Energy Corporation's Incentive Plan Account for the Period of April 1, 2013 through March 31, 2014 (Docket No. 14-00054)
- ◆ Application of Illinois Network Alliance, LLC d/b/a Bluebird Network, LLC for a CCN to Provide Competing Intrastate and Local Telecommunication Services (Docket No. 14-00060)
- ◆ Petition of Tennessee-American Water Company for Approval of and Authority to Borrow Up to \$60,000,000 to Refinance Outstanding Indebtedness and Finance Additions and Improvement to Facilities and Acquisitions and to Repay Short-Term Indebtedness Pursuant to 65-5-109 (Docket No. 14-00061)
- ◆ Petition of Tennessee Wastewater Systems, Inc. to Expand Its Service Area to Include a Portion of Williamson County in Tennessee, Known as Clovercroft Acres (Docket No. 14-00062)
- ◆ Audit of Piedmont Natural Gas Company's Weather Normalization Adjustment for the Period October 1, 2013 to April 30, 2014 (Docket No. 14-00063)
- ◆ Audit of Chattanooga Gas Company's Weather Normalization Adjustment for the Period November 1, 2013 to April 30, 2014 (Docket No. 14-00064)
- ◆ Audit of Atmos Energy Corporation's Weather Normalization Adjustment for the Period October 1, 2013 to April 30, 2014 (Docket No. 14-00065)
- ◆ Petition of Midwest Cable Phone of Tennessee, LLC for a Certificate as a Competing Telecommunications Service Provider (Docket No. 14-00067)
- ◆ Docket for the Collection of Information and Comments Relating to the Proposed Rules Submitted by the 2-1-1 Advisory Council (Docket No. 14-00069)
- ◆ Complaint of Aeneas Communications, LLC against Jackson Energy Authority (Docket No. 14-00070)
- ◆ Annual State Certification of Support for Eligible Telecommunications Carriers Pursuant To 47 C.F.R. 54.314 (Docket No. 14-00071)
- ◆ Petition of Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. to Post Alternative Financial Security (Docket No. 14-00072)



- ◆ Petition for Approval of a Modified Franchise Fee Pursuant for Approved Franchise Agreement with the City of Johnson City, TN (Docket No. 14-00074)
- ◆ Petition of Berry's Chapel Utility, Inc. for a Declaratory Order (Docket No. 14-00075)
- ◆ Application of Vodafone US, Inc. to Amend Its Certificate of Public Convenience and Necessity and Notice of Name Change (Docket No. 14-00080)
- ◆ Petition of Atmos Energy Corporation to Establish an Annual Rate Review Mechanism Pursuant to Tenn. Code Ann 65-5-103(D)(6) (Docket No. 14-00081)
- ◆ Piedmont Natural Gas Company, Inc., Performance Incentive Plan Report for the Period July 1, 2013-June 30, 2014 (Docket No. 14-00082)
- ◆ Chattanooga Gas Company Annual Incentive Plan Filing for the Twelve Months Ended June 30, 2014 (Docket No. 14-00083)
- ◆ Chattanooga Gas Company's Actual Cost Adjustment Filing for the Period of July 1, 2013 - June 30, 2014 (Docket No. 14-00084)
- ◆ Petition of Piedmont Natural Gas Company, Inc. for Approval of a CNG Infrastructure Rider to Its Approved Rate Schedules and Service Regulations (Docket No. 14-00086)
- ◆ Tariff to Revise the Natural Gas Vehicle Fuel Tariff and Introduce an Experimental Motor Vehicle Fuel Service Tariff (Docket No. 14-00087)
- ◆ Atmos Energy Corporation Tennessee and Union City, Tennessee 2013-2014 Actual Cost Adjustment Filing (Docket No. 14-00088)
- ◆ Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the County of Hamblen, State of Tennessee (Docket No. 14-00089)
- ◆ Petition of Old Hickory Water, LLC to Post Alternative Financial Security (Docket No. 14-00091)
- ◆ Application of ExteNet Systems, Inc. for a Certificate to Provide Competing Local Telecommunications Services in the State of Tennessee (Docket No. 14-00092)
- ◆ Petition of GC Pivotal, LLC for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services in the State of Tennessee (Docket No. 14-00093)
- ◆ Joint Application of MegaPath Corporation and GC Pivotal, LLC d/b/a Global Capacity for Approval to Participate in an Asset Transfer Transaction and for GC Pivotal, LLC d/b/a Global Capacity to Participate in Certain Financing Arrangements (Docket No. 14-00094)
- ◆ Proposed Transfer of Control of SNET America, Inc. from AT&T Inc. to Frontier Communications Corporation (Docket No. 14-00099)
- ◆ Request of Chattanooga Gas Company for Approval of Request for Proposal for Asset Management and Agency Agreement and Gas Purchase and Sale Agreement (Docket No. 14-00101)
- ◆ Docket for the Collection of Comments Relating to the Wastewater Industry in Tennessee (Docket No. 14-00104)
- ◆ Joint Request of Chattanooga Gas Company and Volkswagen Group of America Chattanooga Operations, LLC for Approval of Special Contract (Docket No. 14-00118)
- ◆ Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the City of Union City, Tennessee (Docket No. 14-00119)
- ◆ Application of Talk America Services, LLC for Authority to Provide Resell Telecommunications Services in Tennessee (Docket No. 14-00120)
- ◆ Petition of Tennessee-American Water Company Regarding the 2015 Investment and Related Expenses under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider, and the Safety and Environmental Compliance Rider (Docket No. 14-00121)
- ◆ Application of Appalachian Power Company for Authority for Certain 2015 Financing Programs (Docket No. 14-00123)
- ◆ Petition of Hammerland Utilities, Inc. for a Certificate of Public Convenience and Necessity to Provide Wastewater Service in Tennessee (Docket No. 14-00124)
- ◆ AT&T's Petition for Expedited Approval of Amendment to Contract to Provide Tennessee Relay Services (Docket No. 14-00132)
- ◆ Application of Loretto Telephone Company, Inc. to Enter Price Regulation (Docket No. 14-00133)
- ◆ Petition of Tennessee Wastewater Systems, Inc. for Approval of Capital Improvement Surcharges and Financing Arrangements (Docket No. 14-00136)
- ◆ Petition of Chattanooga Gas Company for Approval of Asset Management and Agency Agreement and Gas Purchase and Sale Agreement (Docket No. 14-00137)
- ◆ Opposition of the City of Chattanooga to the Petition of Tennessee American Water Company Regarding 2015 Investment and Related Expenses under Alternative Regulatory Mechanisms (Docket No. 14-00139)
- ◆ Petition of Atmos Energy Corporation for a General Rate Increase under T.C.A. 65-5-103(A) and Adoption of an Annual Rate Review Mechanism under T.C.A. 65-5-103(D)(6) (Docket No. 14-00146)
- ◆ Piedmont Natural Gas, Inc.'s 2014 Annual Filing of Its Integrity Management Rider Mechanism (Docket No. 14-00147)
- ◆ Piedmont Natural Gas Company, Inc. Actual Cost Adjustment Account Filing for the Period July 1, 2012-June 30, 2013 (Docket No. 14-00150)



- ◆ Application of Athena Broadband for a Certificate of Public Convenience and Necessity (Docket No. 14-00151)
  - ◆ Petition of Atmos Energy Corporation for Approval of Franchise Agreement with the County of Obion, Tennessee (Docket No. 14-00153)
  - ◆ Counce Natural Gas Company's Actual Cost Adjustment Account Filing for the Period October 1, 2013 - September 30, 2014 (Docket No. 14-00157)
  - ◆ Tariff Filing of Kings Chapel Capacity to True-Up Bonding Costs (Tariff No. 20140176) (Docket No. 14-00158)
  - ◆ Application of New Horizons Communications Corp. for a Certificate of Convenience and Necessity to Provide Competing Local Exchange, Exchange Access, and Interexchange Telecommunications Services in Tennessee (Docket No. 14-00169)
  - ◆ Petition of Tennessee-American Water Company Regarding the Production Costs and Other Pass-Throughs Rider (Docket No. 15-00001)
  - ◆ Petition of Atmos Energy Corporation for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts (Docket No. 15-00009)
  - ◆ Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of Storm Damage Rider Tariff (Docket No. 15-00024)
  - ◆ Petition of Tennessee Wastewater Systems, Inc. to Amend Its CCN to Expand Its Service Area to Include a Portion of Williamson County in Tennessee, Known as The Enclave at Dove Lake (Docket No. 15-00025)
  - ◆ Joint Petition for Expedited Approval of Assignment of AT&T's Contract to Provide Tennessee Relay Services to Sprint (Docket No. 15-00027)
  - ◆ Petition of Tennessee-American Water Company for the Reconciliation of the 2015 Capital Riders (Docket No. 15-00029)
  - ◆ Petition of Piedmont Natural Gas Company, Inc. for Approval of Franchise Agreement with the City of Greenbrier, Tennessee (Docket No. 15-00034)
  - ◆ Petition of Equinox Global Telecommunications, Inc. for a Certificate of Convenience and Necessity to Provide Completing Local Telecommunication Services in Tennessee (Docket No. 15-00036)
  - ◆ Actual Cost Adjustment Filing for the Navitas TN NG, LLC Jellico and Byrdstown System (Docket No. 15-00040)
  - ◆ Petition of B&W Pipeline, LLC for an Increase in Rates (Docket No. 15-00042)
  - ◆ Joint Petition of Aqua Utilities Company and TRA Staff (as a Party) to Increase Rates and Charges (Docket No. 15-00044)
  - ◆ Petition of Eagles Nest, LLC to Require Laurel Hills Condominium Property Owners Association, Inc. to Permit Connection to Water System by Eagles Nest, LLC's Property On Renegade Mountain (Docket No. 15-00047)
  - ◆ Petition of Old Hickory Water, LLC to Post Alternative Financial Security (Docket No. 15-00049)
  - ◆ Petition of Berry's Chapel Utility, Inc. to Post Alternative Financial Security (Docket No. 15-00050)
  - ◆ Petition of Tennessee Wastewater Systems, Inc. to Post Alternative Financial Security (Docket No. 15-00051)
  - ◆ Cartwright Creek, LLC, Request to Utilize Alternative Financial Security Pursuant to Tenn. Comp. R & Regs. 1220-4-13-.07(5) (2015) (Docket No. 15-00052)
  - ◆ Petition of Kentucky Utilities Company for an Order Amending and Extending Authority with Respect to Revolving Line of Credit (Docket No. 15-00056)
  - ◆ Audit of Atmos Energy Corporation's Incentive Plan Account for the Period of April 1, 2014 through March 31, 2015 (Docket No. 15-00060)
  - ◆ Audit of Chattanooga Gas Company's Weather Normalization Adjustment for the Period November 1, 2014 to April 30, 2015 (Docket No. 15-00061)
  - ◆ Audit of Atmos Energy Corporations' Weather Normalization Adjustment for the Period October 1, 2014 to April 30, 2015 (Docket No. 15-00062)
  - ◆ Audit of Piedmont Natural Gas Company's Weather Normalization Adjustment for the Period October 1, 2014 to April 30, 2015 (Docket No. 15-00063)
  - ◆ Petition of Kingsport Power Company d/b/a Appalachian Power for Approval of Home Warranty Programs (Docket No. 15-00064)
  - ◆ Application of Kingsport Power Company d/b/a AEP Appalachian Power for Permission to Make Notes to Evidence Indebtedness Not to Exceed \$20,000,000 (Docket No. 15-00067)
- Other Courts**
- ◆ Laurel Hills Condominiums Property Owners Association v. Tennessee Regulatory Authority. Tennessee Supreme Court, Case No. M2013-01392-SC-R11-CV, Laurel Hills Condominiums Property Owners Association's Petition to Appeal the Opinion of the Tennessee Court of Appeals related to the TRA's decision in *Petition of Laurel Hills Condominiums Property Owners Association for a Certificate of Public Convenience and Necessity*, TRA Docket No. 12-00030.
  - ◆ Tennessee Wastewater Systems, Inc. v. Tennessee Regulatory Authority. Tennessee Court of Appeals, Case No. M2014-01903-COA-R12-CV, *Petition for Review of the TRA's Decision in Show Cause Proceeding Against Tennessee Wastewater Systems, Inc. for Material Non-Compliance and/or Violation of State Law and Tenn. R. & Regs. 1220-4-13, et seq.*, TRA Docket No. 14-00041.